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31 January 1951

Economic Indications of Imminent Hostilities.

1. In the preparation of Memorandum of Information No. 15 a number of bits and pieces of evidence were turned up which would seem to warrant more thorough study than they have thus far received. The Army G-2 JIIC Committee has reported a number of facts, and additional facts have been reported in other US intelligence material, but thus far apparently no intensive effort has been made to derive from these facts authoritative conclusions.
2. In particular there appear to be three fields in which evidence is available which might offer a very valuable key to Soviet intentions: stockpiling, reconversion, and petroleum.
3. Much of the material which I have seen indicates that strategic stockpiling in the Soviet Union is well under way and that certain stocks have been materially increased in recent months. The Army, however, concludes in G-2 Intelligence Research Project No. 6115 ("Stockpiles of Combat Supplies") that tactical Soviet stockpiles have maintained a steady level over the past couple of years. This situation certainly calls for study and clarification.
4. So far as the petroleum industry is concerned, there certainly appear to be some ominous indications, but they would have to be studied by the best available petroleum experts and in the light of other developments, to produce firm conclusions.
5. Even more obscure is the USSR's possible conversion of industry to war production. Fragmentary evidence certainly suggests that some plants are being converted, but so far as I know, the intelligence agencies have been unable to compile sufficient evidence on this point to support any reliable conclusions. Presumably this subject is already under study by several Washington agencies, but it would be reassuring if we could make certain that everything is being done in this field which could be done with our present intelligence resources.

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